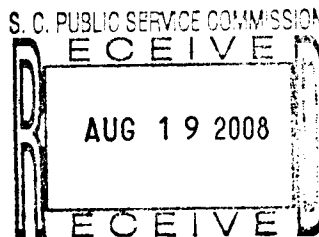


## G<sub>2</sub> UTILITY MANAGEMENT, LLC

194468

133 MYSTIC LANE  
JUPITER, FL 33458  
TEL: (561) 747-9867  
FAX: (561) 745-9585



6 BEACON STREET, SUITE 410  
BOSTON, MA 02108  
TEL: (617) 423-7878  
FAX: (617) 423-2929

August 15, 2008

Hon. Charles L. A. Terreni  
Chief Clerk and Administrator  
Public Service Commission  
101 Executive Center Drive, Suite 100  
Columbia, SC 29210

Re: Haig Point Utility Company, Inc.

Application to Change the Name of Haig Point Utility Company, Inc.  
("HPUC") to Daufuskie Island Utility Company, Inc. ("DIUC" or  
"Utility")

and

Application to Maintain the Books and Records of the Utility at an Out-of-  
State Location

and

Filing of Utility Representative Information

Dear Mr. Terreni:

My firm has been retained by Haig Point Utility Company, Inc. ("HPUC") to manage its day-to-day operations effective on July 9, 2008 which was the closing date of the transfer of ownership of the Utility to CK Materials, LLC ("CK Materials"), approved by the Commission by order dated June 11, 2008 in Docket No. 2007-414-WS. On behalf of the Utility, we are seeking approval for a name change and permission to maintain the books and records at an out-of-state location.

The Commission's June 11, 2008 directive also approved a settlement agreement between the Haig Point Club and Community Association, Inc. ("HPCCA") and CK Materials that included a provision indicating that Guastella Associates, Inc. ("GA") will be managing the day-to-day operations of the Utility. As president of GA, I decided that it would be preferable to form another corporation with which to perform the day-to-day management services and keep separate the rate and valuation consulting services that GA has typically undertaken on an assignment-by-assignment basis. I, therefore, recently formed G<sub>2</sub> Utility Management, LLC ("G<sub>2</sub>") of which I am the Managing Member. The employees of Guastella Associates will be directly involved in the management services provided by G<sub>2</sub>.

### **Name Change**

In accordance with the approved settlement agreement between HPCCA and CK Materials, Item 7, CK Materials agreed to change the name of HPUC to a name that does not contain the words "Haig Point." It is, therefore, requested that the Commission approve a change in the Utility's name from Haig Point Utility Company, Inc. to Daufuskie Island Utility Company, Inc. This name change will have no impact on the operation of the Utility. I am enclosing a copy of the Articles of Amendment.

### **Location of Books and Records**

Pursuant to regulations of the Public Service Commission, Chapter 103, Article 7, Subarticle 2, Section 103-710 Location of Records and Reports, authorization is requested to maintain and keep the Utility's books and records at the offices of G<sub>2</sub> located at 6 Beacon Street, Suite 410, Boston, MA 02108. It is our understanding that the books and records have been maintained at the former owner's offices in Memphis, TN.

The Utility's financial records will be prepared electronically, with hard copies printed on a periodic basis, as necessary. If requested, copies of the books would be provided to ORS either the same day or the next business day of its request. Such source documents as invoices, contracts, correspondence, etc. that would not routinely be scanned into our computer files would also be made available as soon as possible upon request.

Operating records that are now compiled and prepared at the Utility's local office on Daufuskie Island will continue to be maintained and kept at that location. In addition, it is anticipated that copies of those records will also be kept at our Boston office.

In the event of any investigation by the PSC or ORS with respect to rate cases or any other matter for which ORS requests access to the books and records, we will make a full set of requested records available at a location in South Carolina that is acceptable to ORS.

### **Utility Representative Information**

Pursuant to PSC Regulations 103-512.2.5 for wastewater and 103-712.2.5 for water, enclosed are the respective forms containing the required contact information.

Also for information purposes, we began the transition of the Utility to the new ownership and management upon closing on July 9, 2008. As a priority, we established lines of communication with the Utility Staff and management so that we would be prepared to react to any immediate emergency that could affect service to the customers. We recognize that our most important responsibility is to make every effort to ensure that the customers receive safe and adequate service on a continuous basis. We have also begun the transfer of accounting, billing and record keeping, and expect the transition to be complete by the end of August.

Once the name change is approved, we will be in a position to activate a banking account and establish a new "lock box" for bill collections. In addition to transitioning the current billing and accounting procedures to G<sub>2</sub>, we will obtain historical books and records for our files, review and, if necessary, make corrections to assure that they comply with the NARUC system of accounts.

As soon as our progress in the transition warrants it, we will notify all customers of the relevant logistical changes, and also provide them with an outline of our plans to provide excellent service, control costs and keep them informed of important issues.

We are available at any time to answer any questions you may have regarding the above requests. Although the Utility faces all of the difficult challenges that are common among small regulated companies, we are confident that we have the experience and expertise to working with the PSC, ORS and DHEC so that together we will best serve the interests of the customers.

Respectfully submitted  
G<sub>2</sub> UTILITY MANAGEMENT, LLC



John F. Guastella  
President

Encl.

cc: Willie Morgan, Program Manager - Water/Wastewater, Office of Regulatory Staff, w/ encl.  
Jamie J. Karabinchak, President of Haig Point Utility Company, Inc., w/ encl.  
Jeffrey P. deBessonnet, P.E., Director Water Facilities Permitting Division, Department of Health & Environmental Control, w/ encl.  
Peter J. Strauss, Esq., Novit & Scarminach, P.A., w/ encl.

**STATE OF SOUTH CAROLINA  
SECRETARY OF STATE**

**ARTICLES OF AMENDMENT**

**TYPE OR PRINT CLEARLY IN BLACK INK**

Pursuant Section 33-10-106 of the 1976 South Carolina Code of Laws, as amended, the undersigned corporation adopts the following Articles of Amendment to its Articles of Incorporation:

1. The name of the corporation is HAIG POINT UTILITY COMPANY, INC.
2. Date of Incorporation AUGUST 28, 1986
3. Agent's Name and Address JAMIE J. KARABINCHAK, 1 FUSKIE LANE, UNIT #2201, DAUFUSKIE ISLAND, SC 29915
4. On JULY 9, 2008, the corporation adopted the following Amendment (s) of its Articles of Incorporation: (Type or attach the complete text of each Amendment)

HAIG POINT UTILITY COMPANY, INC. CHANGED ITS NAME, AS FOLLOWS:

DAUFUSKIE ISLAND UTILITY COMPANY, INC.

5. The manner, if not set forth in the Amendment, in which any exchange, reclassification, or cancellation of issued shares provided for in the Amendment shall be effected, is as follows: (if not applicable, insert "not applicable" or "NA").

N/A

6. Complete either "a" or "b", whichever is applicable.

- a. ☒ Amendment(s) adopted by shareholder action.  
At the date of adoption of the Amendment, the number of outstanding shares of each voting group entitled to vote separately on the Amendment, and the vote of such shares was:

Voting Group	Number of Outstanding Shares	Number of Votes Entitled to be Cast	Number of Votes Represented at the meeting	Number of Undisputed* Shares	For or Against
N/A	600	600	600	600	0

HAIG POINT UTILITY COMPANY, INC.

Name of Corporation

\*NOTE: Pursuant to Section 33-10-106(6)(i) of the 1976 South Carolina Code of Laws, as amended, the corporation can alternatively state the total number of disputed shares cast for the amendment by each voting group together with a statement that the number of cast for the amendment by each voting group was sufficient for approval by that voting group.

- b. ☐ The Amendment(s) was duly adopted by the incorporators or board of directors without shareholder approval pursuant to Section 33-6-102(d), 33-10-102 and 33-10-105 of the 1976 South Carolina Code of Laws, as amended, and shareholder action was not required.
7. Unless a delayed date is specified, the effective date of these Articles of Amendment shall be the date of acceptance for filing by the Secretary of State (See Section 33-1-230(b) of 1976 South Carolina Code of Laws, as amended) N/A

Date JULY 28, 2008

HAIG POINT UTILITY COMPANY, INC.

Name of Corporation

Signature

JAMIE J. KARABINCHAK, PRESIDENT

Type or Print Name and Office

**FILING INSTRUCTIONS**

1. Two copies of this form, the original and either a duplicate original or a conformed copy, must be filed.
2. If the space in this form is insufficient, please attach additional sheets containing a reference to the appropriate paragraph in this form.
3. Filing fees and taxes payable to the Secretary of State at time of filing application.

Filing Fee	\$ 10.00
Filing tax	<u>100.00</u>
Total	\$110.00

Return to: Secretary of State  
P.O. Box 11350  
Columbia, SC 29211

## AUTHORIZED UTILITY REPRESENTATIVE INFORMATION

PURSUANT TO SOUTH CAROLINA PUBLIC SERVICE COMMISSION REGULATION

103-712.2.5 - Each utility shall file and maintain with the Commission the name, title, address, and telephone number of the persons who should be contacted in connection with General Management Duties, Customer Relations (Complaints), Engineering Operations, Meter Test and Repairs, and Emergencies during non-office hours.

62 UTILITY MANAGEMENT, LLC

Company Name (Including dba Name(s) or Acronyms used or to be used in South Carolina)

6 BEACON STREET, SUITE #410

Business Address

BOSTON, MA 02108

City, State, Zip Code

A. JOHN F. GUASTELLA

Regulatory Contact or Officer of the Company (Please Print or Type)

617.423.7878 / 617.423.2929 / jfg@guastella.com

Telephone Number / Facsimile Number / E-mail Address

B. CHRISTY FABIANO

Customer Relations (Complaints) Representative (Please Print or Type)

617.423.7878 / 617.423.2929 / admin@guastella.com

Telephone Number / Facsimile Number / E-mail Address

C. JOHN M. GUASTELLA

Engineering Operations Representative (Please Print or Type)

617.423.7878 / 617.423.2929 / jmg@guastella.com

Telephone Number / Facsimile Number / E-mail Address

D. ERIC JOHANSSON

Test and Repair Representative (Please Print or Type)

843.247.3135 /

Telephone Number / Facsimile Number / E-mail Address

E. ① ERIC JOHANSSON (843.247.3135) ② JOHN F. GUASTELLA

Contact for Emergencies During Non-Office Hours (Please Print or Type)

② 617.423.7878 / 561.352.6680 /

Telephone Number / ~~Facsimile~~ <sup>MOBILE</sup> Number / E-mail Address

F. JOHN F. GUASTELLA

Financial Representative (Please Print or Type)

617.423.7878 / 617.423.2929 / jfg@guastella.com

Telephone Number / Facsimile Number / E-mail Address

G. 888.635.7878

Customer Contact Telephone Number for Company (Toll Free)

CHRISTY FABIANO

This form was completed by

Chr Fabiano  
Signature

If you have any questions, contact the Utilities Department at (803-737-0800)

## AUTHORIZED UTILITY REPRESENTATIVE INFORMATION

PURSUANT TO SOUTH CAROLINA PUBLIC SERVICE COMMISSION REGULATION

103-512.2.5 - Each utility shall file and maintain with the Commission the name, title, address, and telephone number of the persons who should be contacted in connection with General Management Duties, Customer Relations (Complaints), Engineering Operations, Meter Test and Repairs, and Emergencies during non-office hours.

G2 UTILITY MANAGEMENT, LLC

Company Name (Including dba Name(s) or Acronyms used or to be used in South Carolina)

6 BEACON STREET, SUITE #410

Business Address

BOSTON, MA 02108

City, State, Zip Code

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Regulatory Contact or Officer of the Company (Please Print or Type)

617. 423. 7878 / 617. 423. 2929 / jfg@guastella.com

Telephone Number / Facsimile Number / E-mail Address

B. CHRISTY FABIANO

Customer Relations (Complaints) Representative (Please Print or Type)

617. 423. 7878 / 617. 423. 2929 / admin@guastella.com

Telephone Number / Facsimile Number / E-mail Address

C. JOHN M. GUASTELLA

Engineering Operations Representative (Please Print or Type)

617. 423. 7878 / 617. 423. 2929 / jmg@guastella.com

Telephone Number / Facsimile Number / E-mail Address

D. ERIC JOHANSSON

Test and Repair Representative (Please Print or Type)

843. 247. 3135 / /

Telephone Number / Facsimile Number / E-mail Address

E. ① ERIC JOHANSSON (843. 247. 3135) ② JOHN F. GUASTELLA

Contact for Emergencies During Non-Office Hours (Please Print or Type)

② 617. 423. 7878 / 561. 352. 6680 /

Telephone Number / ~~Facsimile~~ MOBILE Number / E-mail Address

F. JOHN F. GUASTELLA

Financial Representative (Please Print or Type)

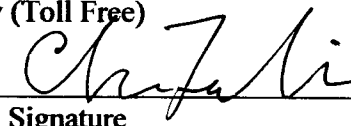
617. 423. 7878 / 617. 423. 2929 / jfg@guastella.com

Telephone Number / Facsimile Number / E-mail Address

G. 888. 635. 7878

Customer Contact Telephone Number for Company (Toll Free)

CHRISTY FABIANO



This form was completed by

Signature

If you have any questions, contact the Utilities Department at (803-737-0800)

# G<sub>2</sub> UTILITY MANAGEMENT, LLC

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133 MYSTIC LANE  
JUPITER, FL 33458  
TEL: (561) 747-9867  
FAX: (561) 745-9585

6 BEACON STREET, SUITE 410  
BOSTON, MA 02108  
TEL: (617) 423-7878  
FAX: (617) 423-2929

August 15, 2008

Mr. Jeffrey P. deBessonnet, P.E.  
Director Water Facilities Permitting Division  
South Carolina Department of Health & Environmental Control  
2600 Bull Street  
Columbia, SC 29201

Re: Acquisition of Haig Point Utility Company, Inc.

Dear Mr. deBensonnet:

I am enclosing the settlement agreement dated April 23, 2008 between CK Materials, LLC and the Haig Point Club and Community Association, Inc. ("HPCCA") which was approved by the Public Service Commission along with approval of the acquisition of HPUC by CK Materials. I would particularly direct your attention to Section 3, Water Availability, that contains certain conditions with respect to the provision of water to the members of HPCCA now and in the future, as well as for the extension of service to new customers. In addition to the specific conditions that involve DHEC, the settlement requires that DHEC be informed of those conditions.

By the enclosed copy of my August 15, 2008 letter to the PSC, I am also advising you of the change in the name of the Utility and our contact information. After we complete the transition and review historical operating records, the availability of water will be our highest priority. We intend to examine customer water demands, both maximum and average; review and/or revise conservation efforts and explore the availability of water resources. As the Utility adds customers, its financial condition will continuously improve due to economies of scale. In reality, the sooner it grows, the more financially reliable it will become, enabling it to make any needed system improvements and offset the magnitude of future rate increases.



I will keep you informed of our progress, and will likely seek your advise with respect to water supply issues. In the meantime, please feel free to call me if you have any particular issues you would want me to address.

Very truly yours,  
G<sub>2</sub> UTILITY MANAGEMENT, LLC

A handwritten signature in black ink, appearing to read "John F. Guastella". The signature is fluid and cursive, with the first name "John" and last name "Guastella" clearly distinguishable.

John F. Guastella  
President

cc: Hon. Charles L.A. Terreni  
Willie Morgan  
Jamie J. Karabinchak  
Peter J. Strauss, Esq.

# ELLIS:LAWHORNE

John F. Beach  
Direct dial: 803/343-1269  
[jbeach@ellislawhorne.com](mailto:jbeach@ellislawhorne.com)

April 23, 2008

## VIA ELECTRONIC AND FIRST-CLASS MAIL SERVICE

Peter J. Strauss, Esquire  
Novit & Scarminach, P.A.  
The Jade Building, Suite 400  
52 New Orleans Road  
P.O. Drawer 14  
Hilton Head Island, SC 29938

RE: Joint Application of Haig Point Utility Company, Inc. and CK Materials, LLC for Approval of the Sale, Transfer of Stock, Assets and Operating Authority of Haig Point Utility Company, Inc.  
**Docket No. 2007-414-W/S, ELS File No. 1030-11565**

Dear Peter:

I am writing on behalf of Haig Point Club and Community Association, Inc. ("HPCCA") to set forth the final Agreement that HPCCA and CK Materials, LLC have reached in settlement of all of HPCCA's concerns in this matter.

### **1. Performance Bonds:**

CK Materials agrees that it will maintain and keep on file with the Commission two \$350,000 performance bonds: one for water and one for sewer. CK Materials agrees that these performance bonds will always be maintained with a commercial bonding and/or insurance entity possessing an A.M. Best Financial Strength Rating (or its equivalent) of A- or better.

CK Materials acknowledges that the current bond amounts are the maximum amount required by the Commission at this time. Should the Commission increase the maximum bond amount at any time, CK Materials agrees to increase both the water and sewer bond CK Materials and/or HPUC have in place to that new maximum amount.

CK Materials agrees that in no event shall it or HPUC ever attempt to satisfy its bonding requirements through a personal or individual surety bond, or any other form of guaranty other than as set forth in the two immediately preceding paragraphs.

### **2. Letter of Credit:**

International Paper Company shall keep in effect the JPMorgan Letter of Credit issued November 7, 2003 in the amount of \$450,000 to Haig Point Club and Community Association,

JK

Inc. (the "LOC") for the time period of one (1) year from the date it closes the purchase transaction, or the date the Public Service Commission approves this transfer, whichever is later.

**3. Water Availability:**

- a. CK Materials agrees that HPUC shall provide safe and adequate water to current and future members of the HPCCA through "Build-Out". CK Materials commits that HPUC will provide HPCCA and its members the total water volume "at Build-Out" in an amount per residential and commercial customer as determined to be adequate by South Carolina Department of Health and Environmental Control ("DHEC").
- b. CK Materials agrees that neither it nor HPUC will provide water to any new or additional customers outside of the HPCCA members and HPUC's current customers unless it first 1) at least ninety (90) days before seeking regulatory approval to provide such additional service, provides written notice of its intention to provide such additional service, including the details and scope of such additional service, to the Chairman of the HPCCA Board of Directors and 2) receives permission from DHEC to extend service to the new customers, as determined by DHEC. In the event that HPUC, after a diligent effort, is unable to obtain DHEC approval for such expansion, HPUC may request HPCCA's written agreement to deviate from this requirement, and HPCCA shall not unreasonably withhold such written agreement.
- c. CK Materials agrees that, upon Commission approval of the Transfer, it will immediately inform DHEC - through a formal filing - of the contractual and regulatory commitment to reserve water volume as set forth above. CK Materials and HPCCA agree that DHEC shall have the independent right to enforce this contractual and regulatory commitment.
- d. CK Materials represents and warrants that, in the event DHEC should determine at any time that additional storage capacity is necessary, ~~CK Materials~~ <sup>HPUC</sup> will construct such additional storage capacity as is necessary in order to satisfy all applicable regulatory needs.

**4. Sewer Availability:**

- a. CK Materials agrees that HPUC shall provide safe and adequate sewer treatment service to current and future members of the HPCCA through "Build-Out".

**5. Ownership of CK Materials**

CK Materials represents and warrants that HPUC will be owned by CK Materials, LLC, CK Materials will provide to HPCCA's attorney an Operating Agreement for CK Materials, LLC.

**6. Management of HPUC after Transfer:**

Guastella Associates, Inc. will be managing HPUC day-to-day. Management will include helping to make strategic decisions on permitting, system management, maintenance, and upgrades.

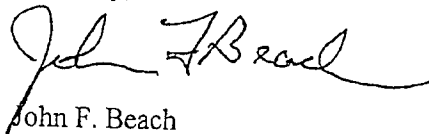
**7. Haig Point Trademark:**

CK Materials agrees that, upon the Commission's approval of this Transfer, it will, in a timely fashion, change the name of HPUC to a name that does not contain the words "Haig Point" and change its logo to something other than the Haig Point lighthouse.

**8. Approval of Settlement by Public Service Commission:**

Upon CK Materials' agreement to the matters set forth herein, and International Paper Company's agreement to the applicable matters set forth under the heading "Letter of Credit," HPCCA and CK Materials will present testimony at the hearing in this docket, currently scheduled for April 27 at 10:30 AM, requesting approval of the Agreement, and noting that HPCCA does not oppose the subject transfer.

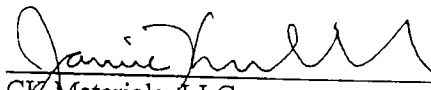
Sincerely,



John F. Beach

cc: Mr. Mark Nordman  
Elaine Fowler, Esquire

On behalf of the CK Materials, LLC, I hereby agree to all matters set forth herein, and also that all such matters shall bind HPUC going forward, following the Public Service Commission's approval of the subject Transfer of HPUC to CK Materials, LLC.

  
\_\_\_\_\_  
CK Materials, LLC